

State of Alaska FY2010 Governor's Operating Budget

Department of Transportation/Public Facilities Anchorage Airport Administration Component Budget Summary

Component: Anchorage Airport Administration

Contribution to Department's Mission

Provide the overall airport management and leadership necessary to assure that all airport functions are conducted in accordance with appropriate laws, regulations, policies, and procedures and in a safe, efficient and cost-effective manner.

Core Services

- ADMINISTRATION: Supervise all Ted Stevens Anchorage International Airport (ANC) operations/activities, develop policies to assure compliance with all laws and regulations, provide budget and management reporting.
- MARKETING: Administer marketing program.
- COMMUNITY RELATIONS: Maintain a positive public communications program.
- PLANNING: Program capital improvement projects (intergovernmental coordination, policy analysis).
- ENGINEERING: Provide engineering oversight/coordination of ANC construction activities.
- ENVIRONMENTAL: Develop and implement environmental policy and plans to meet laws and regulations, administer noise program.
- BUSINESS DEVELOPMENT: Develop and facilitate cargo and passenger facility expansions, terminal development, strategic business planning, manage the Master Plan, and participate in Operating Agreement negotiations.
- LEASING: Manage ANC real estate leases, terminal space leases, and other 3rd party agreements.
- INFORMATION SYSTEMS DEVELOPMENT: Provide information management capabilities to administrative and operational functions at the airport. Provide relevant information to the traveling public. Support operational systems.

FY2010 Resources Allocated to Achieve Results		
FY2010 Component Budget: \$7,811,400	Personnel:	
	Full time	48
	Part time	1
	Total	49

Key Component Challenges

The Engineering Section will be challenged to clarify Capital Improvement Program (CIP) project justifications and revise project scopes to meet funding limitations during this period of uncertain cost inflation.

The Engineering Section, Planning Program will be working on a capital funding request to the Federal Aviation Administration (FAA) for a total of \$110M Letter of Intent 2 funds.

The Leasing Section has several challenges:

- The South Terminal Seismic and Security Retrofit Project is projected to be complete by October 2009. Relocation process will begin for all affected South Terminal tenants, including relocating three major airlines from the North Terminal back to the South Terminal. The tenant relocation budget is expected to be overspent due to cost inflation in relocating the airlines.
- The build-out of the new Food and Beverage/Specialty Retail concessionaire spaces will begin in July 2009, taking 6-9 months to complete. Leasing staff must review and approve all build-out specifications and plans.
- Closure of Kulis Air National Guard Base will return 130 acres of leasable space to the airport. Leasing staff is responsible for all airport land/space specifications, bids, and lease negotiations.

The Environmental Section will continue compliance with the Environmental Protection Agency's deicing (glycol) effluent limits guidelines for its storm water discharges and continue to work towards complete recovery of Lakes Hood and Spenard's water quality. This includes scheduled testing, reviewing, analyzing and documenting the test results with required action(s) to keep in compliance.

The Environmental Section, Noise Program will face challenges associated with an upgrade to the Airport's Flight Track and Noise Management System from ANOMS 6 to ANOMS 8, which is a completely new operating system. Cost projection is \$125,000 - \$150,000.

The Information Technology (IT) Section is working on the design and implementation of the private wireless system airport wide. The hardware and software, state standard and security system requirements will all be evaluated. IT staff will also be bringing the airport up to industry standards for airport wide data warehouse needs.

The Marketing Section will see a reduction in ANC landed weight due to possible carrier relocation. This could result in a reduction in Federal Cargo Entitlements which are federal funds for capital projects. Federal Cargo Entitlements are based on specific airport total landed weight.

The Development Section faces challenges with securing future development from the private sector. With the market declining, the demand for passenger as well as cargo service, internationally and/or domestically, infrastructure development, etc., will fluctuate with inflation. Keeping a timely flow of resources as the aviation industry rebounds will also be a challenge.

Significant Changes in Results to be Delivered in FY2010

No significant changes are anticipated.

Major Component Accomplishments in 2008

- The Engineering Section provided design, construction and cost reporting oversight for \$120M of Capital Improvement Projects. Also, over 200 survey/design/exhibit work requests were completed and 90 building permits were reviewed and processed.
- The Engineering Section, Planning Program modified multiple CIP Data Sheets and Project Nomination forms for ANC's 2008-2012 Capital Spending Plan. Projects needed to be deferred and balanced to future years per Airline Operation Agreement negotiations.
- The Leasing Section successfully completed four Airline Agreements; 34 Business Activity Permits; eight Land Leases. Also, six tenants and two airlines were temporarily relocated out of Concourse B to Concourse A; and 13 tenants and two airlines were temporarily relocated out of Concourse B to Concourse C due to the South Terminal Seismic and Security Retrofit Project.
- The Environmental Section successfully closed out two historical contaminated sites from the airport, inherited from past tenants. In addition, 66 tons of cardboard, 10 tons of paper, two tons of lead acid batteries, 25 tons of scrap metals and 2,000 gallons of used oil was recycled from the airport and its tenants.
- The Environmental Section, Noise Program completed the design modifications to reduce aircraft noise impacts in 146 apartments and 19 homes; they were insulated during the summer of 2008. Also, Noise Program staff gave presentations to Sand Lake Community Council, Spenard Community Council and the Bear Valley Community Council per their request.
- The Information Technology Section completed phase one of installation and maintenance of internal private wireless connections access onto ANC's current network. Also, a database for managing capital project progress and spending was implemented; source documentation capabilities for CIP projects will be available upon completion.
- The Development Section completed the Master Plan computer analysis of benefits and costs for capacity measures including a new north south runway; a completed market study concluded the feasibility of a hotel connected to the terminal, a hotel site alternatives and business terms analysis was also prepared.
- The Marketing Section secured two new passenger airlines that began service at ANC in 2008; Vladivostok Air and Eva Air.
- The Public Relations Section coordinated an Airport Job Fair, with more than 700 people attending. Other public relations activities that staff participated and attended included: airport update at the Anchorage Chamber of Commerce; Lake Hood Users/Community Meetings; Airport Family Fun Day; 3rd Annual Customer Service Partnership Award Ceremony; quarterly Airport Stakeholder Meetings; Spenard, Turnagain and Sand Lake Community Council Meetings; presentation to the East Anchorage Rotary; helped establish the Sand Lake Community Council Airport Advisory Group to ensure ANC is engaged with its neighbors in Sand Lake area.

Statutory and Regulatory Authority

FAR Part 108, 612
 AS 18 Health/Safety
 AS 37.15.430

Contact Information
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**Anchorage Airport Administration
Component Financial Summary**

All dollars shown in thousands

	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	4,286.2	4,807.8	4,680.3
72000 Travel	53.6	53.3	31.3
73000 Services	2,905.7	3,152.7	2,823.5
74000 Commodities	359.8	217.8	217.8
75000 Capital Outlay	54.7	58.5	58.5
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	7,660.0	8,290.1	7,811.4
Funding Sources:			
1027 International Airport Revenue Fund	7,575.6	8,097.9	7,664.4
1061 Capital Improvement Project Receipts	84.4	192.2	147.0
Funding Totals	7,660.0	8,290.1	7,811.4

Estimated Revenue Collections

Description	Master Revenue Account	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
Unrestricted Revenues				
Unrestricted Fund	68515	119,269.9	123,747.1	123,747.1
Unrestricted Total		119,269.9	123,747.1	123,747.1
Restricted Revenues				
Capital Improvement Project Receipts	51200	84.4	192.2	147.0
Restricted Total		84.4	192.2	147.0
Total Estimated Revenues		119,354.3	123,939.3	123,894.1

**Summary of Component Budget Changes
From FY2009 Management Plan to FY2010 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2009 Management Plan	0.0	0.0	8,290.1	8,290.1
Adjustments which will continue current level of service:				
-Transfer PCN 25-2554 and Funding to the Alaska International Airports System Office	0.0	0.0	-177.4	-177.4
-Transfer PCN 25-3546 and Funding to the Alaska International Airports System Office	0.0	0.0	-103.4	-103.4
-FY2010 Wage and Health Insurance Increases for Bargaining Units with Existing Agreements	0.0	0.0	131.3	131.3
Proposed budget decreases:				
-Delete CIP Receipts Due to a Position Time Status Change of PCN 25-969X	0.0	0.0	-48.2	-48.2
-Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment	0.0	0.0	-281.0	-281.0
FY2010 Governor	0.0	0.0	7,811.4	7,811.4

**Anchorage Airport Administration
Personal Services Information**

Authorized Positions			Personal Services Costs	
	<u>FY2009</u> <u>Management</u> <u>Plan</u>	<u>FY2010</u> <u>Governor</u>		
Full-time	50	48	Annual Salaries	3,112,353
Part-time	1	1	COLA	127,109
Nonpermanent	0	0	Premium Pay	11,791
			Annual Benefits	1,673,763
			<i>Less 4.97% Vacancy Factor</i>	(244,716)
			Lump Sum Premium Pay	0
Totals	51	49	Total Personal Services	4,680,300

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant III	1	0	0	0	1
Admin Asst III	1	0	0	0	1
Admin Operations Mgr I	1	0	0	0	1
Administrative Assistant II	1	0	0	0	1
Administrative Clerk III	6	0	0	0	6
Airport Leasing Program Mgr	1	0	0	0	1
Airport Leasing Specialist II	5	0	0	0	5
Airport Leasing Specialist III	2	0	0	0	2
Airport Leasing Specialist IV	1	0	0	0	1
Airport Manager Anch	1	0	0	0	1
Analyst/Programmer IV	2	0	0	0	2
Communications Coordinator	1	0	0	0	1
Data Processing Mgr I	1	0	0	0	1
Database Specialist II	1	0	0	0	1
Dev Spec II, Option A	1	0	0	0	1
Dir Tsia Termnl Redev & Const	1	0	0	0	1
Engineer/Architect II	2	0	0	0	2
Engineer/Architect III	1	0	0	0	1
Engineer/Architect IV	1	0	0	0	1
Engineering Assistant III	2	0	0	0	2
Engineering Asst I	1	0	0	0	1
Environ Impact Analyst III	1	0	0	0	1
Environ Program Manager I	1	0	0	0	1
Environ Program Spec I	1	0	0	0	1
Environ Program Spec III	2	0	0	0	2
Micro/Network Spec I	2	0	0	0	2
Micro/Network Tech II	2	0	0	0	2
Planner II	1	0	0	0	1
Planner III	2	0	0	0	2
Procurement Spec I	1	0	0	0	1
Project Manager	1	0	0	0	1
Trans Planner II	1	0	0	0	1
Totals	49	0	0	0	49